

Message Text

CONFIDENTIAL

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ACTION SS-25

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P R 121042Z MAY 76

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC PRIORITY 7883

INFO AMCONSUL JERUSALEM

AMEMBASSY TEL AVIV

C O N F I D E N T I A L AMMAN 2556

EXDIS

E.O. 11652: GDS

TAGS: PFOR, EAID, JO, IS, US

SUBJECT: FINANCIAL ASSISTANCE TO WEST BANK MUNICIPALITIES

REF: JERUSALEM 0621

1 REFTEL INDICATED THAT SHARP INCREASE IN GOJ MUNI-CIPAL LOAN FUNDS MIGHT BE ATTACKED BY PLO, WHICH COULD INHIBIT NEW WEST BANK MAYORS FROM ACCEPTING THESE FUNDING ARRANGEMENTS.

2. WE ADMIT THAT THERE MAY BE SUCH RISKS TO THIS APPROACH. WE ARE NOT YET ABLE TO ASCERTAIN THE GOJ'S ASSESSMENT OF PLO AND OTHER ARAB REACTIONS, WHICH WE BELIEVE WOULD BE A SIGNIFICANT FACTOR IN GOJ AND OUR DECISION; FOR THAT REASON WE HAVE SUGGESTED APPROACHING PRIME MINISTER RIFAI BEFORE GIVING OUR OWN DEFINITIVE EVALUATION. WE WILL HOWEVER AWAIT DEPARTMENT'S INSTRUCTIONS BEFORE DOING SO.

3. WE ASSUME THAT VETO OF FY 1976 FOREIGN ASSISTANCE ACT MAY HAVE DELAYED CONSIDERATION OF SENATOR JAVITS'S PROPOSAL. IF DEPARTMENT RESPONDS NEGATIVELY TO HIS PROPOSAL OF GOJ FUNDING WE ASSUME FUNDING ISSUE WOULD BE CLOSED. IF NOT, WE WISH TO FLAG PROBLEM THAT WOULD ARISE FROM USG USING ALTERNATIVE (E.G., MIDDLE EAST REQUIREMENTS FUNDS)

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MECHANISM FOR DIRECT CHANNELING OF U.S. ASSISTANCE TO MUNICI-

PALITIES. WHILE GOJ HAS BEEN TOLERANT OF USG FUNDING FOR U.S. VOLUNTARY AGENCY ACTIVITIES ON THE WEST BANK (MOST OF THESE AGENCIES, PARTICULARLY THOSE WITH PROGRAMS IN EAST BANK, ALSO INFORMALLY TOUCH BASE WITH GOJ) WE THINK THAT GOJ WOULD RESENT SEPARATE AND COMPETITIVE USG FUNDING OF MUNICIPAL LOANS, WHICH GOJ STILL CONSIDERS ITS GOVERNMENTAL RESPONSIBILITY. DIRECT USG FUNDING TO WEST BANK, RATHER THAN THROUGH GOJ, MUNICIPALITIES MIGHT WELL BE VIEWED HERE AS A SIGNAL OF USG POLITICAL MOVEMENT TOWARDS PLO.

4. CROWN PRINCE HAS JUST TOLD US PLO FAROUK QADDOUMI COMPLAINED IN KUWAIT THAT JORDAN WAS NOT SUPPORTING WEST BANK CITIES, WHICH HE COUNTERED, HE SAID BY TELLING LUWATIS THAT JORDAN HAD JUST GIVEN LARGE LOANS TO NABLUS AND ONE OTHER WEST BANK CITY.

PICKERING

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